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TAGS: [ELAB](#) [ETRD](#) [PHUM](#) [PREL](#) [PGOV](#) [EG](#) [IS](#) [JO](#)
SUBJECT: NO EVIDENCE OF EXTENSIVE USE OR ABUSE OF FOREIGN
WORKERS IN EGYPT'S QIZS

REF: CAIRO 2402

Classified By: Minister-Counselor for Economic and Political Affairs
William R. Stewart for Reason 1.4(d).

11. (SBU) In recent visits to Egyptian factories participating in the Qualifying Industrial Zone (QIZ) program, we saw no evidence of the extensive or abusive use of foreign workers. On November 19, we visited two large QIZ factories located in the Tenth of Ramadan Special Economic Zone (SEZ); the Swiss Garment Factory and Oriental Weavers. According to Dr. Alaa Arafa, Chairman of the Swiss Garment Factory, his company employs approximately 4000 Egyptians and twelve from Bangladesh. He said that although Egyptian law permits his company to employ foreign labor, he is committed to providing employment opportunities for Egyptians, especially workers from Upper Egypt. The managers at Oriental Weavers said that they had no foreign employees among their 14,500 person work force. During a tour of the Oriental Weavers Factory, we saw no indications that foreign workers were present.

12. (SBU) In mid-September, we visited Velocity Apparelz, a QIZ program factory located in the Ismailiya SEZ. The factory manufactures high-end jeans for U.S. and European retailers. According to the owners, Velocity Apparelz work force of 2700 includes approximately 540 foreign employees from India, Sri Lanka and Pakistan. The employment of South Asians appeared to be related to the factory owners themselves being from India. The owners also told us that the foreign workers were in Egypt legally and were paid more than their Egyptian colleagues. They said that they employed foreigners because they were more skilled technically and had better "work ethics." The foreign workers were employed in the more technically demanding aspects of production - adding decorative stitching to apparel and operating sophisticated equipment - and in supervisory positions. The foreign workers appeared to be well-treated and their working conditions were good.

13. (C) We also met recently with Mohamed Morad, Egypt and North Africa Director for Africa Now, an international NGO that conducts "social responsibility audits" for Western companies buying manufactured goods from Egyptian QIZ factories (reftel). According to Morad, Africa Now closely monitors the employment and treatment of foreign workers in Egypt's export oriented factories because it is an important issue for the NGO's clients. Morad said that foreigners constitute around 10% of the work force of most QIZ factories, the limit set by Egyptian law. Most are from India and South Asia. He said that foreign workers in QIZ factories are generally in Egypt legally and are treated "as well" as their Egyptian counterparts. Morad, who is also responsible for Africa Now's activities in Jordan, said that

conditions in Egyptian QIZ factories are much better than those he has seen in Jordanian QIZ factories. According to Morad, Jordan's QIZ factories are a "disaster," something he attributes to what he sees as the almost exclusive use of foreign labor in Jordanian QIZ factories.

4.(C) Comment: We are keenly aware of Washington's interest in foreign labor in Egypt's QIZ factories and are aggressively investigating the issue. To date, however, we have not found any evidence that the practice, while clearly present, is extensive or abusive.

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